

#1

**COMPLETE**

**Collector:** Web Link 1 (Web Link)  
**Started:** Thursday, February 15, 2018 10:33:05 AM  
**Last Modified:** Thursday, February 15, 2018 10:35:24 AM  
**Time Spent:** 00:02:19  
**IP Address:** 76.81.136.146

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Page 1

**Q1** First Name (Optional)

Respondent skipped this question

**Q2** Last Name (Optional)

Respondent skipped this question

**Q3** Organization (Optional)

Respondent skipped this question

**Q4** Title (Optional)

Respondent skipped this question

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee****Q6** Feedback for Subcommittee

There is confusion about whether distributors can except defective returns on cannabis products. If not, then this rule needs to be changed. With every other business in the world, retailers can exchange defective products and it should be the same with cannabis products.

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## #2

**COMPLETE**

**Collector:** Web Link 1 (Web Link)  
**Started:** Thursday, February 15, 2018 11:31:39 AM  
**Last Modified:** Thursday, February 15, 2018 11:43:33 AM  
**Time Spent:** 00:11:53  
**IP Address:** 66.27.93.173

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Page 1

**Q1** First Name (Optional) Respondent skipped this question

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**Q2** Last Name (Optional) Respondent skipped this question

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**Q3** Organization (Optional) Respondent skipped this question

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**Q4** Title (Optional) Respondent skipped this question

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments. **Distributors Subcommittee**

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**Q6** Feedback for Subcommittee

Can budtender educational informational material on products be transported with finished goods? Also display, point of sale, etc. This is not covered in the definition of "Marijuana Accessories".

Status of M and A label and separation in truck. This should be done at Retail.

Can lab test from grower follow through if product is used for preroll, and nothing else added?

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#3

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Thursday, February 15, 2018 11:58:37 AM  
**Last Modified:** Thursday, February 15, 2018 12:05:52 PM  
**Time Spent:** 00:07:15  
**IP Address:** 70.95.207.116

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Page 1

**Q1** First Name (Optional)

Fred

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**Q2** Last Name (Optional)

Garison

---

**Q3** Organization (Optional)

Healing light

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**Q4** Title (Optional)

Director

---

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

If we use our common sense over politics we can have a fair system leaving no one behind. Otherwise you will create a black market. It's all ready evident in other states. If we use common sense we can succeed. Political sense is a proven disaster.

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#4

COMPLETE

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Thursday, February 15, 2018 12:06:35 PM  
**Time Spent:** 00:00:35  
**IP Address:** 70.95.207.116

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Page 1

**Q1** First Name (Optional)

Fred

---

**Q2** Last Name (Optional)

Garison

---

**Q3** Organization (Optional)

Healing light

---

**Q4** Title (Optional)

Director

---

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

If we use our common sense over politics we can have a fair system leaving no one behind. Otherwise you will create a black market. It's all ready evident in other states. If we use common sense we can succeed. Political sense is a proven disaster.

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#5

COMPLETE

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**Started:** Thursday, February 15, 2018 6:29:37 PM  
**Last Modified:** Thursday, February 15, 2018 6:43:40 PM  
**Time Spent:** 00:14:03  
**IP Address:** 104.189.8.177

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Page 1

**Q1** First Name (Optional)

Courtney

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**Q2** Last Name (Optional)

Freeman

---

**Q3** Organization (Optional)

CannaKids

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**Q4** Title (Optional)

Director of Product

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

This is regarding testing requirements at the distributor storage. The regulations stipulate that 6 product units be pulled per SKU to meet state product testing requirements. The tested "field samples" are then destroyed. This is a complete waste of medicine that could help people, and all the samples could be pulled from one of our 30ml bottles, instead of 6. For our 100mg / mL tincture, we are losing about \$60 per unit (times 6) on top of the \$800 testing fee per SKU. Plus, we have 19 different SKUs and were planning to add more to meet patient needs. It's a tragedy and we urge you to correct this immediately. We were concerned about the cost of medicine to patients before and now, with the cultivation and excise tax, we have to reduce our margin to accommodate the pricing threshold of the patients. This isn't a sustainable business model and it doesn't support our mission to help patients. To offset these costs, we need much larger volumes, and we need the regulations to support our growth so we can get there. Thank you for your consideration.

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#6

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Friday, February 16, 2018 2:20:04 PM  
**Last Modified:** Friday, February 16, 2018 2:22:20 PM  
**Time Spent:** 00:02:15  
**IP Address:** 98.234.230.36

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Page 1

**Q1** First Name (Optional)

Jonathan

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**Q2** Last Name (Optional)

Respondent skipped this question

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**Q3** Organization (Optional)

Respondent skipped this question

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**Q4** Title (Optional)

Respondent skipped this question

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

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**Q6** Feedback for Subcommittee

The costs associated with compliance seem to be targeted for big business rather than independent entrepreneurs who have been in the industry for years. Something MUST be done to diminish the compliance elements and the costs associated. Less than ONE percent of the current businesses can afford the costs so the state is catering ONLY to big business money. Not good at ALL

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#7

COMPLETE

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Tuesday, February 20, 2018 11:21:14 AM  
**Time Spent:** 00:03:44  
**IP Address:** 24.5.102.45

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Page 1

**Q1** First Name (Optional)

Robert

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**Q2** Last Name (Optional)

May

---

**Q3** Organization (Optional)

Humboldt Sky

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**Q4** Title (Optional)

Respondent skipped this question

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

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**Q6** Feedback for Subcommittee

- 1) allow for multiple storage hubs for a single distributor subject to local jurisdiction approval
  - 2) explicitly allow licensed cannabis delivery services to pick up compliantly packaged retail products from these hubs.
-

#8

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Tuesday, February 20, 2018 11:48:58 AM  
**Last Modified:** Tuesday, February 20, 2018 11:53:11 AM  
**Time Spent:** 00:04:12  
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Page 1

**Q1** First Name (Optional)

Robert

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**Q2** Last Name (Optional)

May

---

**Q3** Organization (Optional)

Humboldt Sky

---

**Q4** Title (Optional)

Respondent skipped this question

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

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**Q6** Feedback for Subcommittee

[add to my previous comments]

3) explicitly add language that permits distributors to share samples with retailers. It is absolutely critical to the success of a business to be able to show and share samples with its buyers.

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#9

**COMPLETE**

**Collector:** Web Link 1 (Web Link)  
**Started:** Tuesday, February 20, 2018 1:12:09 PM  
**Last Modified:** Tuesday, February 20, 2018 1:16:33 PM  
**Time Spent:** 00:04:24  
**IP Address:** 98.234.230.36

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Page 1

**Q1** First Name (Optional)

Steve

**Q2** Last Name (Optional)

Respondent skipped this question

**Q3** Organization (Optional)

Respondent skipped this question

**Q4** Title (Optional)

Respondent skipped this question

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee****Q6** Feedback for Subcommittee

It seems the emergency regulation in place doesn't do justice to the true role of a distributor when using the alcohol business model as example. In other words, breweries or distillers cannot be licensed as distributors and rely on the distributor to sell their products. With the MAUCRSA legislation, you ALLOW cultivators and manufacturers to acquire a distributor license and therefore CUT OUT the distribution company that's purchased the license and invested heavily to distribute products. Sorry but this makes no sense. How are we to make money if you allow growers and others to have the SAME license???

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# #10

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Tuesday, February 20, 2018 4:50:30 PM  
**Last Modified:** Tuesday, February 20, 2018 4:50:54 PM  
**Time Spent:** 00:00:23  
**IP Address:** 24.10.27.179

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Page 1

**Q1** First Name (Optional)

Christina

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**Q2** Last Name (Optional)

Gunn

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**Q3** Organization (Optional)

Brandmetta

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**Q4** Title (Optional)

CMO

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

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**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

Madams and Sirs,

I think the advertising regulations are a bit dated. If a site or online engine (such as Google and Facebook) can parse out where you can advertise, we should be able to do this considering we can target users over 21 and people within California. Right now, these services are so afraid, they are not even allowing advertising on their platforms because of the vagueness of what's allowed.

Cannabis advertising should follow the same path as alcohol advertising if you need some guidelines if this is the case. At least people in media already know what this means and what is allowable and works and what is not and doesn't. There are already proven test cases and court cases that can help steer decisions. We don't have to recreate the wheel. We simply need to adopt and adapt what works already.

The lack of this is causing a significant strain to the industry. Please help us. Thank you for your consideration.

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#11

COMPLETE

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 12:48:50 AM  
**Time Spent:** 00:00:14  
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Page 1

**Q1** First Name (Optional) Respondent skipped this question

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**Q2** Last Name (Optional) Respondent skipped this question

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**Q3** Organization (Optional) Respondent skipped this question

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**Q4** Title (Optional) Respondent skipped this question

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments. **Distributors Subcommittee**

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**Q6** Feedback for Subcommittee

The Overview document by BCC says "Retailer cannot package or label cannabis goods." Based on the foregoing, please provide clarification as to the following:

1. Suppose business wants to purchase 5 ounces of dried cannabis flower and then package the cannabis into smaller amounts for sale. For example, divide the larger amount into smaller amounts, such as 1 gram packages, 2 gram packages, etc. What kind of license(s) would be required to conduct that activity?
  2. Can a distributor do it if the sales are only to licensed retailers?
  3. Is the process of dividing the larger amounts into smaller packages considered manufacturing?
  3. Can a microbusiness do it, if approved for manufacturing, distribution, and retail?
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# #12

COMPLETE

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 9:59:44 AM  
**Time Spent:** 00:01:07  
**IP Address:** 4.16.30.210

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Page 1

**Q1** First Name (Optional)

Stephanie

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**Q2** Last Name (Optional)

Hopper

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**Q3** Organization (Optional)

Canndescent

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**Q4** Title (Optional)

Government Affairs

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

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**Distributors Subcommittee**

## Q6 Feedback for Subcommittee

Sampling of products. Cannabis businesses need a legal way to provide samples of their products to dispensaries and budtenders. This practice occurs in other regulated markets and helps companies get their products on dispensary shelves. Those dispensaries that are still working with co-ops are taking samples of cannabis products from co-op participants and filling the shelves. Regulated products have no current way to compete for the shelf space, limiting the legal sales channels, and harming the regulated industry.

Taxing product at first transfer. It would be better to tax product when it is ready to be transferred for human consumption. Flower could be taxed at first transfer to a distributor if it is intended to be sold as flower. If a cultivator is transferring product to a processor for drying trimming and packaging, the product should be taxed at the point it is ready to be transferred to a distributor for consumption. Taxing cannabis prior to drying will lead to a more complex system by taxing product that was not intended for the commercial market (leaves and stems), and will lead to more refunds due to product being destroyed at processing versus moving on to the commercial market place.

Return of product. Flower should be able to be returned to a distributor or cultivation from a dispensary. If a dispensary claims products are of inferior quality and requests a replacement, the producer of the product needs a way to inspect and confirm that product is in fact inferior and the weight is accounted for. The current system allows dispensaries to request replacements, obtain the replacement, and keep the product on their word they will destroy it. This is a loop hole that could lead to diversion at any license type. It would be better to remove product and destroy it at facilities that have the proper resources and equipment.

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# #13

COMPLETE

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 10:45:26 AM  
**Time Spent:** 00:00:46  
**IP Address:** 69.181.70.4

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Page 1

**Q1** First Name (Optional)

Sharon

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**Q2** Last Name (Optional)

Krinsky

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**Q3** Organization (Optional)

Soceity Jane

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**Q4** Title (Optional)

CEO

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

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**Distributors Subcommittee**

## Q6 Feedback for Subcommittee

### Taxation

The existing tax structure pushes small and medium sized businesses out.

Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer. Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

### Commercial vehicle ownership

Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

### Relabeling by distributors: CCR § 5303

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

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#14

COMPLETE

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 10:48:10 AM  
**Time Spent:** 00:08:31  
**IP Address:** 96.31.238.147

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Page 1

**Q1** First Name (Optional)

Tim

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**Q2** Last Name (Optional)

Morland

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**Q3** Organization (Optional)

RVR Wellness

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**Q4** Title (Optional)

Director of Compliance and Policy

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

address the issues whereby type 11 distributors who sell products to type 12 business can be assured which arm of the company we are selling to. There are tax and testing implications involved. Type 11 distributors should be the only license type that facilitates the state testing.

Tighter security requirements for transport vehicles. Product in cash makes transportation dangerous, therefore safe vehicles with alarm systems, gps and cameras should be required.

Reasonable sampling procedures to advertise product to retailers.

Thank you for your consideration of these matters!

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# #15

COMPLETE

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 10:53:34 AM  
**Time Spent:** 00:00:33  
**IP Address:** 76.103.225.148

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Page 1

**Q1** First Name (Optional)

Menaka

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**Q2** Last Name (Optional)

Mahajan

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**Q3** Organization (Optional)

Respondent skipped this question

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**Q4** Title (Optional)

Respondent skipped this question

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

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## Q6 Feedback for Subcommittee

I previously worked for a public agency (local level) on small business friendly policy/legislation and now work as a strategic and policy advisor within the cannabis industry. I have heard from many small businesses about the various provisions in the law that reduce their competitiveness against larger, better funded businesses and could put the smaller entrepreneurs out of business, as well as the challenges created for patients who are adapting to a different regulatory environment as they try to obtain their medicine. A large group of us have spent considerable time reviewing the regulations together and developing recommendations. Thank you very much for all your efforts to solicit feedback from the community and to develop regulations that are effective from a regulatory perspective, while keeping in mind the challenges of small operators who form the backbone of the cannabis industry. Please don't hesitate to reach out if I can be of service in crafting the formal regulations.

### Taxation

The existing tax structure pushes small and medium sized businesses out.

Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer. Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

### Commercial vehicle ownership

Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

### Relabeling by distributors: CCR § 5303

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

# #16

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 10:59:32 AM  
**Last Modified:** Wednesday, February 21, 2018 10:59:45 AM  
**Time Spent:** 00:00:12  
**IP Address:** 198.189.249.57

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Page 1

**Q1** First Name (Optional)

Stephani

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**Q2** Last Name (Optional)

Smith

---

**Q3** Organization (Optional)

Respondent skipped this question

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**Q4** Title (Optional)

Respondent skipped this question

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

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**Q6 Feedback for Subcommittee**

To Whom It May Concern,

With the State's legalization of adult-use cannabis, numerous ancillary industries have arisen in response to new and pending regulations. I've recognized there is a lack of consideration for cannabis waste in particular. This is a concern of mine due to the increasing number of cultivation, manufacturing and retailer licenses being granted within the state without identified guidelines and/or regulations regarding safe disposal of cannabis byproduct and cannabis waste.

Cannabis waste is expansive and differs from cultivators, manufacturers, and retailers. As such, it would also be prudent to clarify streams of waste by industry vertical. For example, cannabis waste runs the gamut of post-extracted cannabis plants and flowers, failed lab tested materials, ancillary manufactured waste (for example, i.e., wax paper, gloves, beakers, etc.), retail display items, and returned/damaged retail items, and more. Currently, certain streams of cannabis waste are frequently mistaken with safe-to-consume products, posing a risk to children and disenfranchised individuals.

It is my recommendation that regulations reflect who is qualified to handle cannabis waste. A licensed cannabis waste handler ought to be contracted for each cannabis cultivator, manufacturer, and retail site to combat the negative repercussions cannabis waste has on human and environmental health. The inclusion of such a standard will complete the symbiotic relationship between key stakeholders—the environment, the public and the industry.

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#17

**COMPLETE**

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 11:13:32 AM  
**Time Spent:** 00:00:33  
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Page 1

**Q1** First Name (Optional)

Respondent skipped this question

**Q2** Last Name (Optional)

Respondent skipped this question

**Q3** Organization (Optional)

Respondent skipped this question

**Q4** Title (Optional)

Respondent skipped this question

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee****Q6** Feedback for Subcommittee

How will waste be managed?

#18

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 12:36:05 PM  
**Last Modified:** Wednesday, February 21, 2018 12:37:46 PM  
**Time Spent:** 00:01:41  
**IP Address:** 45.48.229.173

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Page 1

**Q1** First Name (Optional)

Rachel

---

**Q2** Last Name (Optional)

O.

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**Q3** Organization (Optional)

Somatik

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**Q4** Title (Optional)

Sales

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

Distribution Subcommittee 17  
Taxation 17  
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#19

**COMPLETE**

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 1:00:54 PM  
**Last Modified:** Wednesday, February 21, 2018 1:01:25 PM  
**Time Spent:** 00:00:30  
**IP Address:** 73.241.141.254

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Page 1

**Q1** First Name (Optional)

Luna

**Q2** Last Name (Optional)

Respondent skipped this question

**Q3** Organization (Optional)

Respondent skipped this question

**Q4** Title (Optional)

Respondent skipped this question

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**



## Q6 Feedback for Subcommittee

### Taxation

The existing tax structure pushes small and medium sized businesses out.

Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer. Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

### Commercial vehicle ownership

Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

### Relabeling by distributors: CCR § 5303

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

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#20

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 1:02:22 PM  
**Last Modified:** Wednesday, February 21, 2018 1:09:45 PM  
**Time Spent:** 00:07:22  
**IP Address:** 173.247.202.158

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Page 1

**Q1** First Name (Optional)

Margot

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**Q2** Last Name (Optional)

Wampler

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**Q3** Organization (Optional)

Lifted Logistics

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**Q4** Title (Optional)

CEO

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

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**Distributors Subcommittee**

## Q6 Feedback for Subcommittee

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### Relabeling by distributors: CCR § 5303

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

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# #21

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 1:03:24 PM  
**Last Modified:** Wednesday, February 21, 2018 1:20:21 PM  
**Time Spent:** 00:16:56  
**IP Address:** 158.85.23.142

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Page 1

**Q1** First Name (Optional)

Blaine

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**Q2** Last Name (Optional)

Hatab

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**Q3** Organization (Optional)

Distru

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**Q4** Title (Optional)

Respondent skipped this question

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

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## Q6 Feedback for Subcommittee

### Distribution Subcommittee

3/1 subcommittee meeting topics:

- a. Requirements Around Transport of Samples for Sale and Research
- b. Repackage and Relabel Requirements
- c. Vehicles: Ownership and Security Measures
- d. Cannabis Waste
- e. Combination and Interactions Between Medicinal and Adult-Use Licenses
- f. Testing and Associated Chain of Custody Issues
- g. Taxation

### Taxation

The existing tax structure pushes small and medium sized businesses out.

Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer. Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

### Commercial vehicle ownership

Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

### Relabeling by distributors: CCR § 5303

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

#22

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 1:46:09 PM  
**Last Modified:** Wednesday, February 21, 2018 1:48:11 PM  
**Time Spent:** 00:02:01  
**IP Address:** 192.195.80.217

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Page 1

**Q1** First Name (Optional)

Chris

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**Q2** Last Name (Optional)

Schroeder

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**Q3** Organization (Optional)

A Tribe Of Us

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**Q4** Title (Optional)

Founder

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

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**Distributors Subcommittee**

## Q6 Feedback for Subcommittee

Thank you so much for all of your help with on the subcommittee and regulatory boards. We are really happy that you are working with us to ensure safe access for consumers as well as protecting our business' ability to thrive. These are comments I worked on with 40 other operators in San Francisco. Many of us are still waiting for our temporary state licenses, many us already have them, and I think this feedback comes from a wide range of industry expects and experience levels and hopefully you'll find our recommendations reasonable and through provoking. Thanks again for all you do!

### Taxation

The existing tax structure pushes small and medium sized businesses out.

Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer. Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

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### Commercial vehicle ownership

Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

### Relabeling by distributors: CCR § 5303

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

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#23

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 2:02:49 PM  
**Last Modified:** Wednesday, February 21, 2018 2:05:21 PM  
**Time Spent:** 00:02:31  
**IP Address:** 216.101.17.200

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Page 1

**Q1** First Name (Optional)

Bridget

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**Q2** Last Name (Optional)

May

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**Q3** Organization (Optional)

Little Green Bee

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**Q4** Title (Optional)

President

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

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**Distributors Subcommittee**



## Q6 Feedback for Subcommittee

### Taxation

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Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

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Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

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#24

COMPLETE

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 1:58:41 PM  
**Last Modified:** Wednesday, February 21, 2018 2:06:54 PM  
**Time Spent:** 00:08:12  
**IP Address:** 192.195.80.217

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Page 1

**Q1** First Name (Optional)

Clayton

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**Q2** Last Name (Optional)

Coker

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**Q3** Organization (Optional)

Somatik

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**Q4** Title (Optional)

Somatik

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**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

My name's Clayton Coker, and I'm one of the co-founders of Somatik. We are a gourmet edibles manufacturer based out of San Francisco. I'd first like to thank you all for all of your hard work in helping us all move quickly toward becoming a fully legal and compliant industry. I think it is deeply important that we are able to build on the trust and confidence that we have worked so hard to build with the people of California. And I have felt personally privileged to be able to participate in this process.

5411. Free Cannabis Goods

(a) A retailer shall not provide free cannabis goods to any person.

Despite the fact that cannabis has been legally available to qualified medical patients in California since 1996, there exists a huge knowledge gap among cannabis consumers, particularly new or returning adult-use consumers.

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

A retailer's ability to offer free samples will go a long way in closing that knowledge gap, helping to educate consumers regarding efficacy, dosage, consumption methods, strength, quality, taste, smell and personal preference. Cannabis is not a one-size-fits-all product. Every body processes cannabis differently, and sampling will enable consumers to evaluate products based their specific and unique reactions prior to purchase.

In addition, allowing manufacturers to offer samples to retailers will serve to educate retail staff who are often the first (and sometimes only) source of information for consumers.

The ability to give out free samples is especially important when considering cannabis compassion programs and the fact that the industry has a demonstrated commitment to helping those in need.

Recommendation: Adopt policy similar to the pharmaceutical industry where manufacturers are allowed to offer free samples to physicians who may then pass on the products to their patients. Mark sample products clearly as "not for sale" and limit the quantity/size of sample to a single serving/dose.

Promotional Samples: BPC § 26153, CCR § 5411(a) and (b), RTC § 34011(a)(1) and (e)

A licensee shall not give away any amount of cannabis or cannabis products, or any cannabis accessories, as part of a business promotion or other commercial activity

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(a) A licensed dispensary shall not provide free samples of medical cannabis goods to any person.

Sampling is the most effective way for patients to discover the treatment methods that work best for them through firsthand experience. Medical cannabis products can be high-priced, and patients may be reluctant to spend money to find the best method of intake for them. However samples can be both properly tested, and distributed through the track and trace system to safely allow patients to experience new products. Cannabis has been deemed by the state to be safe for recreational use by adults, and dispensaries can only admit consenting adults. It's reasonable to assume sampling on-site can be done safely.

Recommendation: We propose samples be allowed for the purpose of patient education, and that they be distributed through licensed distributors using the same testing requirements as retail product. The chain of custody is preserved under the proposed safety compliance channels, ensuring sampling is a safe and effective way to educate.

(b) A licensed dispensary shall not allow representatives of other companies or organizations to provide free samples of medical cannabis goods to individuals on the licensed dispensary premises.

Suppliers need to be able to offer sales samples to dispensary buyers. The only way a dispensary will consider adding products to their menu is when they are able to sample the retail unit that they would purchase for patients and consumers.

Recommendation: We would like to see concessions that allow sales samples to be given away to prospective buyers as a B2B function. All retain units will go through the track and trace system, but a sensible allowance of 4% of product may be allocated for sales samples strictly for the purpose of B2B account establishment. We also recommend that for the purpose of B2B non-commercial sales prospecting, samples should be allowed to be delivered by type II distributors, as these products will not be for sale.

(a) (1) Effective January 1, 2018, a cannabis excise tax shall be imposed upon purchasers of cannabis or cannabis products sold in this state at the rate of 15 percent of the average market price of any retail sale by a cannabis retailer. A purchaser's liability for the cannabis excise tax is not extinguished until the cannabis excise tax has been paid to this state except that an invoice, receipt, or other document from a cannabis retailer given to the purchaser pursuant to this subdivision is sufficient to relieve the purchaser from further liability for the tax to which the invoice, receipt, or other document refers.

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(e) Cannabis or cannabis products shall not be sold to a purchaser unless the excise tax required by law has been paid by the purchaser at the time of sale.

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

Sales and promotional samples should be exempt from excise tax, and these are B2B tools for business development, and not for commercial use. It's unreasonable to burden a sales sample with the full tax of a sellable product, and this will lead to more delays to getting product into the market which will ultimately drive more tax revenue for CA. It also helps ensure that small suppliers can compete, facilitating the diversity of products offered to consumers.

Recommendation: We recommend that samples either be non-taxable items to match other industries, or, that they be taxed on the sample rate they were sold at instead of based on the standard markup.

### 5417. Methods of Delivery

(a) A retailer's delivery employee, carrying cannabis goods for delivery, shall only travel in an enclosed motor vehicle operated by a delivery employee of the licensee.

The last thing a busy municipality needs is more cars on their streets. Allowing deliveries to be conducted by delivery employees via scooter, motorcycle, bicycle or even on foot would help alleviate congested roadways, ensure faster, safer deliveries and cut down on harmful emissions to the environment.

Cannabis storage in an enclosed and secured compartment is still possible in an unenclosed vehicle.

In addition, prohibiting delivery vehicles from carrying no more than \$3,000 worth of inventory is counterproductive to public safety. This cap, which forces delivery drivers to make more frequent trips to and from the retailer, increases the likelihood that the driver will be a target of theft and other dangers. This is also less environmentally sound.

Recommendation: Method of delivery may be more appropriately regulated at the local level, given different population density and geography.

Remove the cap on inventory to allow a dynamic delivery model.

Do not require printed manifest for delivery.

Drivers should be able to get TNC (Transportation Network Company) numbers to share insurance and use the driver's personal vehicles. Lyft and Uber use this model successfully.

### 5420. Delivery Request Receipt

A retailer shall prepare a delivery request receipt for each delivery of cannabis goods.

(a) The delivery request receipt shall contain the following:

(1) The name and address of the retailer

Type 9-Non-Storefront Retailers are prohibited from allowing public access to their premises. Requiring that the delivery request receipt include the address of the non-storefront retailer presents unnecessary and unsafe exposure for the non-storefront retailer. Not only does calling out the address invite criminal entities to the premises, it also signals to the consumer that their presence is allowed and encouraged.

Recommendation: Use the retailer's license number rather than address on the receipt. Tracking is still possible, but this method reduces security risks.

Related: Address of Type 9-Non-Storefront Retailers should not be listed on the BCC website for the same reasons listed above.

Expand allowable event locations: BPC § 26200(e)

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

(e) This division does not prohibit the issuance of a state temporary event license to a licensee authorizing onsite cannabis sales to, and consumption by, persons 21 years of age or older at a county fair or district agricultural association event, provided that the activities, at a minimum, comply with the requirements of paragraphs (1) to (3), inclusive, of subdivision (g), that all participants are licensed under this division, and that the activities are otherwise consistent with regulations promulgated and adopted by the bureau governing state temporary event licenses. These temporary event licenses shall only be issued in local jurisdictions that authorize such events.

Offer the ability to host an event with the option to purchase single use permits or a repeating event permit. Allowable locations should be broadened beyond county fairs and district agricultural associations. Event licensing should not eliminate existing (pre-MAUCRSA) small businesses, many of which have served patients for years and are an important part of the community.

Regulators are concerned about educating new consumers. Dinner parties, yoga classes, and small gatherings provide safe and legal consumption experiences. They are excellent opportunities for direct education, perhaps more impactful than a flyer or pamphlet because they are interesting and interactive. Tourists will be able to select a supervised/guided experience, rather than purchasing and consuming on the street (and receiving a citation) or in a hotel room alone.

Such events also contribute to the normalization of cannabis. There is a substantial therapeutic benefit in combining cannabis with wellness activities.

In terms of criminal justice, the scarcity of consumption locations and opportunities for consumers to enjoy cannabis creates a new form of criminalization. Existing consumption opportunities are incredibly limited and cannot accommodate demand. The law encourages consumers to consume in violation of the law, by having legal ways to purchase without sufficient legal ways to consume.

This is an equity issue, as consumption in public housing is not allowed. Those consumers will have limited legal options to consume compared to a person of greater means who owns their property and cannot be restricted from consuming in their home.

#25

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 2:07:27 PM  
**Last Modified:** Wednesday, February 21, 2018 2:08:23 PM  
**Time Spent:** 00:00:55  
**IP Address:** 192.195.80.217

Page 1

**Q1** First Name (Optional)

Clayton

**Q2** Last Name (Optional)

Coker

**Q3** Organization (Optional)

Somatik

**Q4** Title (Optional)

Co-founder

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

## Q6 Feedback for Subcommittee

My name's Clayton Coker, and I'm one of the co-founders of Somatik. We are a gourmet edibles manufacturer based out of San Francisco. I'd first like to thank you all for all of your hard work in helping us all move quickly toward becoming a fully legal and compliant industry. I think it is deeply important that we are able to build on the trust and confidence that we have worked so hard to build with the people of California. And I have felt personally privileged to be able to participate in this process.

### Taxation

The existing tax structure pushes small and medium sized businesses out.

Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer. Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

### Commercial vehicle ownership

Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

### Relabeling by distributors: CCR § 5303

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

## #26

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 2:16:47 PM  
**Last Modified:** Wednesday, February 21, 2018 2:32:02 PM  
**Time Spent:** 00:15:15  
**IP Address:** 76.21.51.62

Page 1

### Q1 First Name (Optional)

Andrea

### Q2 Last Name (Optional)

Greenberg

### Q3 Organization (Optional)

Society Jane

### Q4 Title (Optional)

Co-founder and Chief Counsel

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

### Q6 Feedback for Subcommittee

Hello, my name is Andy Greenberg, and I co-own a non-storefront retail delivery service in San Francisco. I am so grateful to the state and the subcommittees for drafting these emergency regulations, and have a few comments pertaining to my business and the industry as a whole. My comments are below.

Packaging: CCR § 40415

Requiring child resistant packaging as stated in the proposed legislation creates significant waste. We urge you to consider the environmental impact from excessive packaging and redundancy.

Requiring child resistant packaging is also expensive. The certification process is time consuming and costly. Sourcing certified child resistant packaging is equally cost prohibitive for small manufacturers.

Washington state does not require child resistant packaging and have not seen safety issues as a result, and the consumer needs to take responsibility for keeping packaging out of hands of children. We believe there should be a balance regarding responsibility consumer and licensee responsibility.



## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

Products for topical application should have more less child-resistant packaging requirements because the danger of ingestion for topicals is low. Topicals should be easy enough to open for those with arthritis. Topicals should not be required to be in child resistant packaging. Instead, should include language “for external use only. Do not eat”.

Requiring opaque packaging removes the consumer's ability to interact with a product before purchasing. With proper labeling the consumer is informed of the contents of the product. We would like to see the removal of the requirement that edibles be in opaque packaging.

[Recommendations] We are in full support of tamper-evident packaging. It's proven successful in preventing contaminated products getting into the hands of consumers across other well established industries. We support retailers using opaque child-resistant carry-out bags at the point of sale.

100 mg limit for packages/10 mg limit for servings: BPC § 26130(c)(2):

A 10mg limit per serving a great way to help ensure new patients have a safe experience, and keeps California's regulations in parity with other legalized states. However, a 100mg per package limit is not appropriate for users who may require higher dosage, and patients will slowly learn their own tolerance and be able to set a sensible dose. Much of the cost of goods is burdened by labor, and packaging, so allowing an increased per package limit will help reduce costs of medicine for medical patients, and decrease overall environmental impact.

[Recommendation] Keep a 10mg limit for Adult Use consumers as well as the requirement to delineate or score, but increase the per package limit to 500mg or 1000mg

Single manufacturing license for A & M: CCR § 40115(c) and (d):

This seems to be a redundant cost for applicants seeking both license types, and one that is cost prohibitive for small businesses. Furthermore, dividing the market into two distinct tracks threatens the medicinal cannabis market. Businesses generally see the adult use market as more promising for growth potential and if forced to choose for economic or administrative reasons, they may choose adult use, leaving patients without sufficient products or retailers. For example a small business would need to maintain to completely separate supply chains from seed to sale losing out on economies of scale, and doubling a manufacturer's up front cost to service both markets.

[Recommendation] Please reevaluate whether there is an administrative need to have two license types for suppliers. If an applicant applies for both A&M licenses, is the state agency processing each application separately from start to finish? If not, it is recommended that the state allow a single application for both license types rather than charging to recover costs for two reviews when the process is only completed once.

The A & M designations may be logical at the retail level, but not for suppliers.

Extend time to conduct business irrespective of M & A designation: CCR § 5029

Recommendation: Thank you for including this! It would be helpful if you could extend the time frame in which licensees may conduct business with other licensees irrespective of the M or A designation on their licenses. Businesses need more time to comply with regulations and this extension will allow legislators to pursue statutory change for a single state A&M license.

Shared spaces: CCR § 40190-40199

We are in full support and excited about shared manufacturing spaces! We urge you to define and communicate this legislation quickly as the lack of this legislation negatively impacts our equity partners/incubators and small manufacturers. Licensing fees have become a barrier to entry for small businesses and equity incubators. By allowing shared spaces, small businesses can afford to obtain zoning-compliant spaces and enter the regulated market.

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

Recommendation: We request you to consider allowing shared equipment for non extraction related equipment. With the proper GMP's and SOP's in place there should be little to no risk of cross contamination. This is similar for mobile bottlers in the alcohol industry or co-packers in the traditional food industry.

We urge you to avoid any language defining or capping square footage, number of employees or businesses per premise. There are significant safety measures put in place by the Fire Department as well as the Department of Public Health to address any concerns regarding limitations to shared food processing and building safety.

Finally, please allow licensees in shared spaces to have shared storage. This will help small businesses to afford the costs of compliance. Shared locked cages for product are economically practical and guidelines may be specified to ensure each licensee's products remain separate within the cage.

Promotional Samples: BPC § 26153, CCR § 5411(a) and (b), RTC § 34011(a)(1) and (e):

Sampling is the most effective way for patients to discover the treatment methods that work best for them through firsthand experience. Medical cannabis products can be high-priced, and patients may be reluctant to spend money to find the best method of intake for them. However samples can be both properly tested, and distributed through the track and trace system to safely allow patients to experience new products. Cannabis has been deemed by the state to be safe for recreational use by adults, and dispensaries can only admit consenting adults it's reasonable to assume sampling on-site can be done safely.

[Recommendation] We propose samples be allowed for the purpose of patient education, and that they be distributed through licensed distributors using the same testing requirements as retail product. The chain of custody is preserved under the proposed safety compliance channels, ensuring sampling is a safe and effective way to educate.

In addition, we need to be able to offer sales samples to dispensary buyers. In order to grow our business effectively we need to be able to open up new accounts. The only way a dispensary will consider adding products to their menu is when they are able to sample the retail unit that they would purchase for patients and consumers.

Recommendation: We would like to see concessions that allow sales samples to be given away to prospective buyers as a B2B function. All retain units will go through the track and trace system, but a sensible allowance of 4% of product may be allocated for sales samples strictly for the purpose of B2B account establishment. We also recommend that for the purpose of B2B non-commercial sales prospecting, samples should be allowed to be delivered by type II distributors, as these products will not be for sale.

Regarding the excise tax as it applies to samples, sales and promotional samples should be exempt from the excise tax, and these are B2B tools for business development, and not for commercial use. It's unreasonable to burden a sales sample with the full tax of a sellable product, and this will lead to more delays to getting product into the market which will ultimately drive more tax revenue for CA, and allow manufacturers to more quickly compete in the market.

Recommendation: Above, we have outlined ways that we think manufacturers and distributors should be allowed to provide B2B samples, as well as consumer samples. We recommend that samples either be non-taxable items to match other industries, or, that they be taxed on the sample rate they were sold at instead of based on the standard markup

### 5411. Free Cannabis Goods

(a) A retailer shall not provide free cannabis goods to any person.

Despite the fact that cannabis has been legally available to qualified medical patients in California since 1996, there exists a huge knowledge gap among cannabis consumers, particularly new or returning adult-use consumers.

A retailer's ability to offer free samples will go a long way in closing that knowledge gap, helping to educate consumers regarding efficacy, dosage, consumption methods, strength, quality, taste, smell and personal preference. Cannabis is not a one-size-fits-all product. Every body processes cannabis differently, and sampling will enable consumers to evaluate products based their specific and

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

unique reactions prior to purchase.

In addition, allowing manufacturers to offer samples to retailers will serve to educate retail staff who are often the first (and sometimes only) source of information for consumers.

The ability to give out free samples is especially important when considering cannabis compassion programs and the fact that the industry has a demonstrated commitment to helping those in need.

Recommendation: Adopt policy similar to the pharmaceutical industry where manufacturers are allowed to offer free samples to physicians who may then pass on the products to their patients. Mark sample products clearly as "not for sale" and limit the quantity/size of sample to a single serving/dose.

Reporting ownership changes to DPH: CCR § 40178

The licensee shall notify the Department of the addition or removal of an owner occurring any time between issuance of a license and submission of an application to renew the license within 10 calendar days of the change. The new owner shall submit the information required under Section 40130 to the Department. The Department shall review the qualifications of the owner in accordance with the Act and these regulations and determine whether the change would constitute grounds for denial of the license. The Department may approve the addition of the owner, deny the addition of the owner, or condition the license as appropriate, to be determined on a case-by-case basis.

Recommendation: Allow licensees 30 calendar days to notify the state.

Local taxation, and fair market burdens

The legalization of cannabis was meant to provide customers and patients with safe access to cannabis as well as provide the state with additional revenue. However many local jurisdictions have also imposed gross receipts tax on cannabis businesses that far outweighs the taxation on any other industry. Combined with state excise tax, and the complexity of the supply chain, this results in lower margins, and can make small businesses non-competitive with the larger market solely based on where they operate.

Recommendation: In order to give the entire industry a level playing field no matter where they operate, and to control the overall tax burden of a new industry, we propose capping county and municipal level local gross receipts taxes on manufacturers at 2%. Please also clarify tax collection as it relates to manufacturers.

Security Systems: CCR § 5044

Security systems are another barrier to entry for small businesses but there are a wide range of affordable systems which are extremely modern and up to date for those affordable cloud based services offer a maximum of 60 days of footage and record 5 minutes clips based on motion rather than 24-hour continuous recording. 24 hour continuous recording is more than any other industry and requires costly custom installations with large external storage systems. We love the idea of a cloud based system and it makes sense to set the regulations to match the standard met by the best modern security systems.

Recommendation: allow operators to capture 60 days of footage instead of 90, and allow footage to be captured when motion is detected rather than 24/7.

5417. Methods of Delivery

(a) A retailer's delivery employee, carrying cannabis goods for delivery, shall only travel in an enclosed motor vehicle operated by a

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

delivery employee of the licensee.

The last thing a busy municipality needs is more cars on their streets. Allowing deliveries to be conducted by delivery employees via scooter, motorcycle, bicycle or even on foot would help alleviate congested roadways, ensure faster, safer deliveries and cut down on harmful emissions to the environment.

Cannabis storage in an enclosed and secured compartment is still possible in an unenclosed vehicle.

In addition, prohibiting delivery vehicles from carrying no more than \$3,000 worth of inventory is counterproductive to public safety. This cap, which forces delivery drivers to make more frequent trips to and from the retailer, increases the likelihood that the driver will be a target of theft and other dangers. This is also less environmentally sound.

Recommendation: Method of delivery may be more appropriately regulated at the local level, given different population density and geography.

Remove the cap on inventory to allow a dynamic delivery model.

Do not require printed manifest for delivery.

Drivers should be able to get TNC (Transportation Network Company) numbers to share insurance and use the driver's personal vehicles. Lyft and Uber use this model successfully.

### 5420. Delivery Request Receipt

A retailer shall prepare a delivery request receipt for each delivery of cannabis goods.

(a) The delivery request receipt shall contain the following:

(1) The name and address of the retailer

Type 9-Non-Storefront Retailers are prohibited from allowing public access to their premises. Requiring that the delivery request receipt include the address of the non-storefront retailer presents unnecessary and unsafe exposure for the non-storefront retailer. Not only does calling out the address invite criminal entities to the premises, it also signals to the consumer that their presence is allowed and encouraged. We are a small, woman-owned business, and frequently only one or two of us are at the office. If our address is publicly available it increases the danger of criminal activity towards our personal safety and our property.

Recommendation: Use the retailer's license number rather than address on the receipt. Tracking is still possible, but this method reduces security risks.

Related: Address of Type 9-Non-Storefront Retailers should not be listed on the BCC website for the same reasons listed above.

Expand allowable event locations: BPC § 26200(e)

(e) This division does not prohibit the issuance of a state temporary event license to a licensee authorizing onsite cannabis sales to, and consumption by, persons 21 years of age or older at a county fair or district agricultural association event, provided that the activities, at a minimum, comply with the requirements of paragraphs (1) to (3), inclusive, of subdivision (g), that all participants are licensed under this division, and that the activities are otherwise consistent with regulations promulgated and adopted by the bureau governing state temporary event licenses. These temporary event licenses shall only be issued in local jurisdictions that authorize such events.

Offer the ability to host an event with the option to purchase single use permits or a repeating event permit. Allowable locations should be broadened beyond county fairs and district agricultural associations. Event licensing should not eliminate existing (pre-MAUCRSA) small businesses, many of which have served patients for years and are an important part of the community.

Regulators are concerned about educating new consumers. Dinner parties, yoga classes, and small gatherings provide safe and legal consumption experiences. They are excellent opportunities for direct education, perhaps more impactful than a flyer or pamphlet

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

because they are interesting and interactive. Tourists will be able to select a supervised/guided experience, rather than purchasing and consuming on the street (and receiving a citation) or in a hotel room alone.

Such events also contribute to the normalization of cannabis. There is a substantial therapeutic benefit in combining cannabis with wellness activities.

In terms of criminal justice, the scarcity of consumption locations and opportunities for consumers to enjoy cannabis creates a new form of criminalization. Existing consumption opportunities are incredibly limited and cannot accommodate demand. The law encourages consumers to consume in violation of the law, by having legal ways to purchase without sufficient legal ways to consume.

This is an equity issue, as consumption in public housing is not allowed. Those consumers will have limited legal options to consume compared to a person of greater means who owns their property and cannot be restricted from consuming in their home.

Distribution-specific issues:

Taxation

The existing tax structure pushes small and medium sized businesses out.

Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer.

Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

Commercial vehicle ownership

Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

Relabeling by distributors: CCR § 5303

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

Equity issues:

Equity Subcommittee

- a. Information on existing equity programs from Sacramento, LA, SF, Oakland
- b. Timeline for waiver, deferment, loan program to address fees – appropriate fee structure
- c. Have an expansive and inclusive definition of a cannabis equity program
- d. Data collection by the state and localities about who applies and who gets licenses
- e. Equity in the context of workers and employment
- f. Broader harm of the War on Drugs to communities – tax revenues, expungement and reduction of criminalization, reinvestment in those communities

Shared spaces: CCR § 40190-40199

We are in full support and excited about shared manufacturing spaces! We urge you to define and communicate this legislation quickly as the lack of this legislation negatively impacts our equity partners/incubators and small manufacturers. Licensing fees have become a barrier to entry for small businesses and equity incubators. By allowing shared spaces, small businesses can afford to obtain zoning-

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

compliant spaces and enter the regulated market.

Recommendation: We request you to consider allowing shared equipment for non extraction related equipment. With the proper GMP's and SOP's in place there should be little to no risk of cross contamination. This is similar for mobile bottlers in the alcohol industry or co-packers in the traditional food industry.

We urge you to avoid any language defining or capping square footage, number of employees or businesses per premise. There are significant safety measures put in place by the Fire Department as well as the Department of Public Health to address any concerns regarding limitations to shared food processing and building safety.

Finally, please allow licensees in shared spaces to have shared storage. This will help small businesses to afford the costs of compliance. Shared locked cages for product are economically practical and guidelines may be specified to ensure each licensee's products remain separate within the cage.

Extend time to conduct business irrespective of M & A designation: CCR § 5029

Licensees may 'cross over' between A and M until 6/30/18. The requirement of 2 separate licenses, when cannabis and products are subject to nearly identical quality control and public health requirements, creates an equity issue.

Recommendation: Thank you for including the 6 month transition period! It would be helpful if you could extend the time frame in which licensees may conduct business with other licensees irrespective of the M or A designation on their licenses. Please reevaluate whether this policy serves a critical public health and safety function or if another solutions would achieve that aim, with a lower administrative and cost burden to small businesses, which is especially acute for equity businesses.

Cultivation Issues:

Eliminate or moderate the Trim Tax.

This substantially increases the expense for suppliers and consumers.

Compassionate Use

Recommendation: Create policy that allows for and encourages donations to compassion programs. Associated tax and administrative provisions should not penalize suppliers who provide free goods to such programs.

Extend time to conduct business irrespective of M & A designation: CCR § 5029

Cultivators must designate a plant on the A or M track early on. Licensees may 'cross over' between A and M until 6/30/18.

Recommendation: Thank you for including this! It would be helpful if you could extend the time frame in which licensees may conduct business with other licensees irrespective of the M or A designation on their licenses. Please reevaluate whether this policy serves a critical public health and safety function or if another solutions would achieve that aim, with a lower administrative and cost burden to small businesses.

Thank you for your time and efforts on these important matters!

#27

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 2:38:12 PM  
**Last Modified:** Wednesday, February 21, 2018 2:44:51 PM  
**Time Spent:** 00:06:39  
**IP Address:** 99.203.10.129

Page 1

**Q1 First Name (Optional)**

Jason

**Q2 Last Name (Optional)**

Keehn

**Q3 Organization (Optional)**

Virity Labs

**Q4 Title (Optional)**

Envisioner

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

Waste cannabis upcycling. I understand the focus on destruction and diversion but canna/hemp biomass is very valuable for all kinds of structural and industrial uses. This nearly free feedstock could be used by research institutions and startups to explore the foundations for a robust hemp industry in California. There should be common collection points. At a minimum should be used for biodigestion to methane and electrons for local power

#28

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 2:46:30 PM  
**Last Modified:** Wednesday, February 21, 2018 2:47:29 PM  
**Time Spent:** 00:00:59  
**IP Address:** 67.160.198.33

Page 1

**Q1** First Name (Optional)

Randy

**Q2** Last Name (Optional)

Dizitser

**Q3** Organization (Optional)

Kannibox

**Q4** Title (Optional)

Founder and CEO

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee



## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

KANNIBOX IS A SOCIALLY RESPONSIBLE COMPANY PROVIDING AN EASY WAY FOR PEOPLE TO DISCOVER DIFFERENT TYPES OF CANNABIS AND TRY PRODUCTS THROUGH A PERSONALIZED SAMPLE SUBSCRIPTION BOX

OUR GOAL AT IS TO HELP SMALL BUSINESS THRIVE BY PROVIDING THEM A PLATFORM AND A CHANNEL TO MARKET. WE WANT TO SEE THE ILLICIT CANNABIS MARKET DISAPPEAR BY GIVING OPPORTUNITIES FOR SMALL BUSINESS TO HAVE A VOICE AND REACH THEIR TARGET CONSUMERS.

WE FEEL THAT SOME OF THE HURDLES THAT HAVE BEEN CREATED BY THE CURRENT REGULATIONS, HAVE HAMPERED THE POTENTIAL SUCCESS OF SMALL BUSINESSES BY NOT GIVING THEM A REASONABLE PATH TO GET TO LEGALIZATION, AND THUSLY HAS POSITIONED THE ILLICIT MARKET TO THRIVE.

KANNIBOX AIMS TO EDUCATE CONSUMERS ABOUT ALL DIFFERENT TYPES OF CONSUMPTION METHODS, DOSING, AND WHAT WORKS BEST FOR THEM AS INDIVIDUALS. HEALTH AND SAFETY IS A NUMBER ONE PRIORITY. IF WE HAVE EDUCATED CONSUMERS WHO UNDERSTAND WHAT THEY ARE CONSUMING, WE WILL HAVE A STRONGER AND MORE COMPASSIONATE MARKET.

WE ARE APPLYING FOR A BOTH MEDICAL AND ADULT USE MICROBUSINESS LICENSES.

### Taxation

The existing tax structure pushes small and medium sized businesses out.

Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer. Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

### Commercial vehicle ownership

Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

### Relabeling by distributors: CCR § 5303

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

I would also like to request to allow for delivery drivers the ability to pick up products directly from distributors. As a non storefront retailer with an individualized box subscription model, my main goal is the ability to service patients and consumers across the state. The current regulations make it practically impossible to service customers in markets that are too far from my location. By allowing licensed drivers to pick up products directly from distributors, would allow the ability for my business and others to serve remote markets with direct access to consumers

#29

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 3:02:08 PM  
**Last Modified:** Wednesday, February 21, 2018 3:03:35 PM  
**Time Spent:** 00:01:27  
**IP Address:** 76.102.106.134

Page 1

**Q1** First Name (Optional)

Jane

**Q2** Last Name (Optional)

Eisner

**Q3** Organization (Optional)

Wildflower Press

**Q4** Title (Optional)

Co-Founder/CEO

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

We are a small business who which to have the following reflected in the regulations.

**Taxation**

The existing tax structure pushes small and medium sized businesses out.

Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer.

Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

**Commercial vehicle ownership**

Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

**Relabeling by distributors: CCR § 5303**

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; make standard testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

Thank you.

#30

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 3:03:56 PM  
**Last Modified:** Wednesday, February 21, 2018 3:04:35 PM  
**Time Spent:** 00:00:38  
**IP Address:** 108.163.144.36

Page 1

**Q1** First Name (Optional)

Deborah

**Q2** Last Name (Optional)

Sadler

**Q3** Organization (Optional)

CBCB Berkeley

**Q4** Title (Optional)

General Manager

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

"Taxation: The existing tax structure pushes small and medium sized businesses out. Recommendation: Shift cultivation tax to one percentage-based number at the point of sale. Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer.

Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

Commercial vehicle ownership: Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

Relabeling by distributors: CCR § 5303: A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization. Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results."

# #31

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 3:03:52 PM  
**Last Modified:** Wednesday, February 21, 2018 3:04:36 PM  
**Time Spent:** 00:00:43  
**IP Address:** 76.102.106.134

Page 1

**Q1** First Name (Optional)

Ryan

**Q2** Last Name (Optional)

Armistead

**Q3** Organization (Optional)

Wildflower Press

**Q4** Title (Optional)

Co-Founder/COO

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

**Taxation**

The existing tax structure pushes small and medium sized businesses out.

Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer.

Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

**Commercial vehicle ownership**

Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

**Relabeling by distributors: CCR § 5303**

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; make standard testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

Thank you.

#32

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 3:11:29 PM  
**Last Modified:** Wednesday, February 21, 2018 3:14:14 PM  
**Time Spent:** 00:02:45  
**IP Address:** 98.210.217.247

Page 1

**Q1** First Name (Optional)

Paul

**Q2** Last Name (Optional)

Roethle

**Q3** Organization (Optional)

SG Distribution

**Q4** Title (Optional)

General Partner

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**



## Q6 Feedback for Subcommittee

### Distribution Subcommittee

3/1 subcommittee meeting topics:

- a. Requirements Around Transport of Samples for Sale and Research
- b. Repackage and Relabel Requirements
- c. Vehicles: Ownership and Security Measures
- d. Cannabis Waste
- e. Combination and Interactions Between Medicinal and Adult-Use Licenses
- f. Testing and Associated Chain of Custody Issues
- g. Taxation

### Taxation

The existing tax structure pushes small and medium sized businesses out.

Recommendation: Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer. Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

### Commercial vehicle ownership

Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

### Relabeling by distributors: CCR § 5303

A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; make standard testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

#33

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 3:31:50 PM  
**Last Modified:** Wednesday, February 21, 2018 3:35:48 PM  
**Time Spent:** 00:03:58  
**IP Address:** 67.180.62.157

Page 1

**Q1** First Name (Optional)

Todd

**Q2** Last Name (Optional)

Respondent skipped this question

**Q3** Organization (Optional)

Respondent skipped this question

**Q4** Title (Optional)

Respondent skipped this question

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

Shift cultivation tax to one percentage-based number at the point of sale.

Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer. Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

#34

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 3:46:19 PM  
**Last Modified:** Wednesday, February 21, 2018 3:46:47 PM  
**Time Spent:** 00:00:28  
**IP Address:** 68.101.162.78

Page 1

**Q1 First Name (Optional)**

Andrew

**Q2 Last Name (Optional)**

Hopkins

**Q3 Organization (Optional)**

The Werc Shop

**Q4 Title (Optional)**

Director, Compliance & Logistics

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

Distributors need the ability to pay cultivation tax on behalf of manufacturers at the time of raw material purchase. Manufacturers would prefer to pay the cultivation tax before the cannabis goods are manufactured.

#35

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 3:50:48 PM  
**Last Modified:** Wednesday, February 21, 2018 3:58:11 PM  
**Time Spent:** 00:07:23  
**IP Address:** 68.101.162.78

Page 1

**Q1 First Name (Optional)**

Andrew

**Q2 Last Name (Optional)**

Hopkins

**Q3 Organization (Optional)**

The Werc Shop

**Q4 Title (Optional)**

Director, Compliance & Logistics

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

Brands require specific detection limits or action levels to be set for these compounds or labs will purchase insensitive equipment to purposefully make the pesticide residues difficult to detect.

§ 5719. Residual Pesticides Testing

(b) The laboratory shall report the result of the residual pesticides testing in unit micrograms per gram (µg/g) on the COA and indicate "pass" or "fail" on the COA.

#36

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 4:00:10 PM  
**Last Modified:** Wednesday, February 21, 2018 4:00:35 PM  
**Time Spent:** 00:00:25  
**IP Address:** 68.101.162.78

Page 1

**Q1** First Name (Optional)

Andrew

**Q2** Last Name (Optional)

Hopkins

**Q3** Organization (Optional)

The Werc Shop

**Q4** Title (Optional)

Director, Compliance & Logistics

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

Laboratories will have enough product to test multiple times using only the primary sample. This will cut the volume of holding samples to a more manageable level, and still provide for keeping a retained sample in the event of any questions about the sample outcome.

#37

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 4:00:14 PM  
**Last Modified:** Wednesday, February 21, 2018 4:00:36 PM  
**Time Spent:** 00:00:21  
**IP Address:** 73.70.133.149

Page 1

**Q1 First Name (Optional)** Respondent skipped this question

**Q2 Last Name (Optional)** Respondent skipped this question

**Q3 Organization (Optional)** Respondent skipped this question

**Q4 Title (Optional)** Respondent skipped this question

**Q5 Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.** Distributors Subcommittee

**Q6 Feedback for Subcommittee**

"Packaging: CCR § 40415 [Issue]: Requiring child resistant packaging as stated in the proposed legislation creates significant waste. We urge you to consider the environmental impact from excessive packaging and redundancy: Requiring child resistant packaging is also expensive. The certification process is time consuming and costly. Sourcing certified child resistant packaging is equally cost prohibitive for small manufacturers. Washington state does not require child resistant packaging and have not seen safety issues as a result, and the consumer needs to take responsibility for keeping packaging out of hands of children. We believe there should be a balance regarding responsibility consumer and licensee responsibility.

Products for topical application should have less child-resistant packaging requirements because the danger of ingestion for topicals is low. Topicals should be easy enough to open for those with arthritis. Topicals should not be required to be in child resistant packaging. Instead, should include language "for external use only. Do not eat.

Requiring opaque packaging removes the consumer's ability to interact with a product before purchasing. With proper labeling the consumer is informed of the contents of the product We would like to see the removal of the requirement that edibles be in opaque packaging.

[Recommendations] We are in full support of tamper-evident packaging. It's proven successful in preventing contaminated products getting into the hands of consumers across other well established industries. We support retailers using opaque child-resistant carry-out bags at the point of sale.

Primary Panel Labeling Requirements: CCR § 40405: [Issue] It's unclear whether primary panel includes the lid for items like beverages. This is one of the most visible part of the product to alert consumers the product contains THC, and would give us more flexibility in

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

where we can alert the consumer. For example a beverage should be able to put the universal warning symbol on the primary label OR lid.

[Recommendations] clarify primary panel may also be inclusive of the lid to a product.

Universal Symbol: CCR § 40412 [Issue]: Many edible products are small and don't have enough space for all of the requirements including a .5 in graphic. We believe that allowing the universal THC symbol to be .25 in would still be adequate to alert consumers and be more closely aligned with the symbol requirements from other legalized states, while allowing the rest of the required information to have room.

[Recommendations] amend required size of CA state universal symbol to .25 in

Different labeling requirements for topicals: BPC § 26120(c)(1)(B) [Issue]: Topical products should have different labeling requirements based on scientific evidence. Requiring a warning on the label of topical products that states that the product will impair the ability to drive etc, assumes that all cannabis topicals are formulated with a permeation enhancer as one would find in a transdermal product. The epidermis and dermis block migration of cannabinoids into the bloodstream. Without an efficacious delivery of cannabinoids into the circulatory or lymphatic systems, topical cannabis products cannot neither impair judgement or reaction timing, nor induce psychoactive effects. Transdermal cannabis products should certainly contain the prescribed warning about impairment as all other edibles.

[Recommendation] For transdermal products, we recommend maintaining the same warning and packaging guidelines as edibles. For all other topical products, we recommend eliminating the language about "intoxicating effects." We further recommend that topicals be exempted from the child-resistant packaging requirements but that they include the disclaimer "For external use only. Do not ingest." This disclaimer would conform to norms in the cosmetics industry.

100 mg limit for packages/10 mg limit for servings: BPC § 26130(c)(2) : [Issue] --- A 10mg limit per serving a great way to help ensure new patients have a safe experience, and keeps California's regulations in parity with other legalized states. However, a 100mg per package limit is not appropriate for users who may require higher dosage, and patients will slowly learn their own tolerance and be able to set a sensible dose. Much of the cost of goods is burdened by labor, and packaging, so allowing an increased per package limit will help reduce costs of medicine for medical patients, and decrease overall environmental impact.

[Recommendation] Keep a 10mg limit for Adult Use consumers as well as the requirement to delineate or score, but increase the per package limit to 500mg or 1000mg

Single manufacturing license for A & M: CCR § 40115(c) and (d): [Issue] --- This seems to be a redundant cost for applicants seeking both license types, and one that is cost prohibitive for small businesses. Furthermore, dividing the market into two distinct tracks threatens the medicinal cannabis market. Businesses generally see the adult use market as more promising for growth potential and if forced to choose for economic or administrative reasons, they may choose adult use, leaving patients without sufficient products or retailers. For example a small business would need to maintain to completely separate supply chains from seed to sale losing out on economies of scale, and doubling a manufacturer's up front cost to service both markets.

[Recommendation] Please reevaluate whether there is an administrative need to have two license types for suppliers. If an applicant applies for both A&M licenses, is the state agency processing each application separately from start to finish? If not, it is recommended that the state allow a single application for both license types rather than charging to recover costs for two reviews when the process is only completed once. The A & M designations may be logical at the retail level, but not for suppliers.

Extend time to conduct business irrespective of M & A designation: CCR § 5029: Recommendation: Thank you for including this! It would be helpful if you could extend the time frame in which licensees may conduct business with other licensees irrespective of the M or A designation on their licenses. Businesses need more time to comply with regulations and this extension will allow legislators to pursue statutory change for a single state A&M license.

Shared spaces: CCR § 40190-40199: We are in full support and excited about shared manufacturing spaces! We urge you to define and

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

communicate this legislation quickly as the lack of this legislation negatively impacts our equity partners/incubators and small manufacturers. Licensing fees have become a barrier to entry for small businesses and equity incubators. By allowing shared spaces, small businesses can afford to obtain zoning-compliant spaces and enter the regulated market.

Recommendation: We request you to consider allowing shared equipment for non extraction related equipment. With the proper GMP's and SOP's in place there should be little to no risk of cross contamination. This is similar for mobile bottlers in the alcohol industry or co-packers in the traditional food industry.

We urge you to avoid any language defining or capping square footage, number of employees or businesses per premise. There are significant safety measures put in place by the Fire Department as well as the Department of Public Health to address any concerns regarding limitations to shared food processing and building safety.

Finally, please allow licensees in shared spaces to have shared storage. This will help small businesses to afford the costs of compliance. Shared locked cages for product are economically practical and guidelines may be specified to ensure each licensee's products remain separate within the cage.

Promotional Samples: BPC § 26153, CCR § 5411(a) and (b), RTC § 34011(a)(1) and (e): [Issue] Sampling is the most effective way for patients to discover the treatment methods that work best for them through firsthand experience. Medical cannabis products can be high-priced, and patients may be reluctant to spend money to find the best method of intake for them. However samples can be both properly tested, and distributed through the track and trace system to safely allow patients to experience new products. Cannabis has been deemed by the state to be safe for recreational use by adults, and dispensaries can only admit consenting adults it's reasonable to assume sampling on-site can be done safely. We need to be able to offer sales samples to dispensary buyers. In order to grow our business effectively we need to be able to open up new accounts. The only way a dispensary will consider adding products to their menu is when they are able to sample the retail unit that they would purchase for patients and consumers.

[Recommendation] We propose samples be allowed for the purpose of patient education, and that they be distributed through licensed distributors using the same testing requirements as retail product. The chain of custody is preserved under the proposed safety compliance channels, ensuring sampling is a safe and effective way to educate.

We would like to see concessions that allow sales samples to be given away to prospective buyers as a B2B function. All retain units will go through the track and trace system, but a sensible allowance of 4% of product may be allocated for sales samples strictly for the purpose of B2B account establishment. We also recommend that for the purpose of B2B non-commercial sales prospecting, samples should be allowed to be delivered by type II distributors, as these products will not be for sale.

(a) (1) Effective January 1, 2018, a cannabis excise tax shall be imposed upon purchasers of cannabis or cannabis products sold in this state at the rate of 15 percent of the average market price of any retail sale by a cannabis retailer. A purchaser's liability for the cannabis excise tax is not extinguished until the cannabis excise tax has been paid to this state except that an invoice, receipt, or other document from a cannabis retailer given to the purchaser pursuant to this subdivision is sufficient to relieve the purchaser from further liability for the tax to which the invoice, receipt, or other document refers.

\*\*\*

(e) Cannabis or cannabis products shall not be sold to a purchaser unless the excise tax required by law has been paid by the purchaser at the time of sale. Sales and promotional samples should be exempt from excise tax, and these are B2B tools for business development, and not for commercial use. It's unreasonable to burden a sales sample with the full tax of a sellable product, and this will lead to more delays to getting product into the market which will ultimately drive more tax revenue for CA, and allow manufacturers to more quickly compete in the market.

Recommendation: Above, we outlined ways that we think manufacturers and distributors should be allowed to provide B2B samples, as well as consumer samples. We recommend that samples either be non-taxable items to match other industries, or, that they be taxed on the sample rate they were sold at instead of based on the standard markup

5411. Free Cannabis Goods: (a) A retailer shall not provide free cannabis goods to any person.

Despite the fact that cannabis has been legally available to qualified medical patients in California since 1996, there exists a huge knowledge gap among cannabis consumers, particularly new or returning adult-use consumers. A retailer's ability to offer free samples



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will go a long way in closing that knowledge gap, helping to educate consumers regarding efficacy, dosage, consumption methods, strength, quality, taste, smell and personal preference. Cannabis is not a one-size-fits-all product. Every body processes cannabis differently, and sampling will enable consumers to evaluate products based their specific and unique reactions prior to purchase. In addition, allowing manufacturers to offer samples to retailers will serve to educate retail staff who are often the first (and sometimes only) source of information for consumers.

The ability to give out free samples is especially important when considering cannabis compassion programs and the fact that the industry has a demonstrated commitment to helping those in need.

Recommendation: Adopt policy similar to the pharmaceutical industry where manufacturers are allowed to offer free samples to physicians who may then pass on the products to their patients. Mark sample products clearly as "not for sale" and limit the quantity/size of sample to a single serving/dose.

Sampling (for testing) in final form: BPC § 26100(b) & CCR § 5705(b) and (c): (ISSUE): Requiring the full battery of laboratory tests on every batch of final-form product is both economically onerous and scientifically unsound.

On the economic front, this will be a nearly insurmountable cost for small manufacturers. Testing each batch for potency, residuals, pesticides, microbiologicals, and heavy metals will end up costing many hundreds of dollars and likely result in delayed terms of payment for wholesale product. Small manufacturers will thus be asked to front thousands of dollars of capital for testing and will be forced to invest heavily in raw materials without being able to create revenue, or will be forced to create batches much larger than their sales volume, and edible products do have a shelf life. And even if a small manufacturer can afford all of the capital outlays, the additional cost will greatly burden their COG's and force them to pass along those costs to adult use consumers and medical patients.

For manufacturers and established manufacturing processes, this testing regimen is scientifically unsound. For a manufacturer our raw cannabis materials are tested before we incorporate them into our finished products. Our DPH-approved standard operating procedures (SOP's) and critical control points (CCP's) are designed in compliance with FDA and good manufacturing practices guidelines to ensure accurate potency and sanitary and safe manufacturing processes. Furthermore, the incorporation of other, non-cannabis raw materials into a finished product is no different than in many other regulated industries, such as food, beverages, and cosmetics, and it does not seem logical to hold us to higher laboratory testing requirements than those industries. We believe that the standards already laid out by the FDA and the CDPH protect public health and safety with regard to manufactured goods.

We would recommend requiring manufacturers to obtain full testing results for all cannabis raw materials (ingredients) and keep those results on file for an adequate period of time. Non-cannabis raw materials and other ingredients can be regulated in parity with FDA regulations as outlined in 21 CFR 117 Subpart G, which details the FDA verification process that ensures the safety of the ingredient supply-chain. And as for the final form product, we would recommend periodic testing once the previous two requirements are met.

Testing Manufactured Goods : ISSUE - A 10% MOE for edible cannabinoid testing is far too strict.

Recommendation: Allow a 20% margin - similar to current FDA food standards - especially in light of the current MOEs that most labs carry specific to edible products.

Batch Production Record & 2nd person for quality control: CCR § 40264: Recommendation: Allow flexible options for licensees to perform the verification. Please do not require that the person verifying be a formal employee of the licensee, as this will create a huge additional cost for licensees that can conduct most operations with a single operator, but can retain services from a qualified individual to perform the verification steps. Allow the SOPs to define the critical control points at which such verification is necessary and effective.

Reporting ownership changes to DPH: CCR § 40178: The licensee shall notify the Department of the addition or removal of an owner occurring any time between issuance of a license and submission of an application to renew the license within 10 calendar days of the change. The new owner shall submit the information required under Section 40130 to the Department. The Department shall review the qualifications of the owner in accordance with the Act and these regulations and determine whether the change would constitute grounds for denial of the license. The Department may approve the addition of the owner, deny the addition of the owner, or condition

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the license as appropriate, to be determined on a case-by-case basis.

Recommendation: Allow licensees 30 calendar days to notify the state.

Local taxation, and fair market burdens: The legalization of cannabis was meant to provide customers and patients with safe access to cannabis as well as provide the state with additional revenue. However many local jurisdictions have also imposed gross receipts tax on cannabis businesses that far outweighs the taxation on any other industry. Combined with state excise tax, and the complexity of the supply chain, this results in lower margins, and can make small businesses non-competitive with the larger market solely based on where they operate.

Recommendation: In order to give the entire industry a level playing field no matter where they operate, and to control the overall tax burden of a new industry, we propose capping county and municipal level local gross receipts taxes on manufacturers at 2%. Please also clarify tax collection as it relates to manufacturers.

Security Systems: CCR § 5044: Security systems are another barrier to entry for small businesses but there are a wide range of affordable systems which are extremely modern and up to date for those affordable cloud based services offer a maximum of 60 days of footage and record 5 minutes clips based on motion rather than 24-hour continuous recording. 24 hour continuous recording is more than any other industry and requires costly custom installations with large external storage systems. We love the idea of a cloud based system and it makes sense to set the regulations to match the standard met by the best modern security systems.

Recommendation: allow operators to capture 60 days of footage instead of 90, and allow footage to be captured when motion is detected rather than 24/7."

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FOR "Delivery/Retail Subcommittee:"

"5411. Free Cannabis Goods: (a) "A retailer shall not provide free cannabis goods to any person." -- {ISSUE} Despite the fact that cannabis has been legally available to qualified medical patients in California since 1996, there exists a huge knowledge gap among cannabis consumers, particularly new or returning adult-use consumers.

A retailer's ability to offer free samples will go a long way in closing that knowledge gap, helping to educate consumers regarding efficacy, dosage, consumption methods, strength, quality, taste, smell and personal preference. Cannabis is not a one-size-fits-all product. Every body processes cannabis differently, and sampling will enable consumers to evaluate products based their specific and unique reactions prior to purchase. In addition, allowing manufacturers to offer samples to retailers will serve to educate retail staff who are often the first (and sometimes only) source of information for consumers. The ability to give out free samples is especially important when considering cannabis compassion programs and the fact that the industry has a demonstrated commitment to helping those in need.

Recommendation: Adopt policy similar to the pharmaceutical industry where manufacturers are allowed to offer free samples to physicians who may then pass on the products to their patients. Mark sample products clearly as "not for sale" and limit the quantity/size of sample to a single serving/dose.

Promotional Samples: BPC § 26153, CCR § 5411(a) and (b), RTC § 34011(a)(1) and (e): ISSUE: Sampling is the most effective way for patients to discover the treatment methods that work best for them through firsthand experience. Medical cannabis products can be high-priced, and patients may be reluctant to spend money to find the best method of intake for them. However samples can be both properly tested, and distributed through the track and trace system to safely allow patients to experience new products. Cannabis has been deemed by the state to be safe for recreational use by adults, and dispensaries can only admit consenting adults. It's reasonable to assume sampling on-site can be done safely.

Recommendation: We propose samples be allowed for the purpose of patient education, and that they be distributed through licensed distributors using the same testing requirements as retail product. The chain of custody is managed under the proposed safety

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

distributors using the same testing requirements as retail product. The chain of custody is preserved under the proposed safety compliance channels, ensuring sampling is a safe and effective way to educate.

(b) A licensed dispensary shall not allow representatives of other companies or organizations to provide free samples of medical cannabis goods to individuals on the licensed dispensary premises. {ISSUE} - Suppliers need to be able to offer sales samples to dispensary buyers. The only way a dispensary will consider adding products to their menu is when they are able to sample the retail unit that they would purchase for patients and consumers.

Recommendation: We would like to see concessions that allow sales samples to be given away to prospective buyers as a B2B function. All retail units will go through the track and trace system, but a sensible allowance of 4% of product may be allocated for sales samples strictly for the purpose of B2B account establishment. We also recommend that for the purpose of B2B non-commercial sales prospecting, samples should be allowed to be delivered by type II distributors, as these products will not be for sale.

(a) (1) Effective January 1, 2018, a cannabis excise tax shall be imposed upon purchasers of cannabis or cannabis products sold in this state at the rate of 15 percent of the average market price of any retail sale by a cannabis retailer: ISSUE -- Sales and promotional samples should be exempt from excise tax, and these are B2B tools for business development, and not for commercial use. It's unreasonable to burden a sales sample with the full tax of a sellable product, and this will lead to more delays to getting product into the market which will ultimately drive more tax revenue for CA. It also helps ensure that small suppliers can compete, facilitating the diversity of products offered to consumers.

Recommendation: We recommend that samples either be non-taxable items to match other industries, or, that they be taxed on the sample rate they were sold at instead of based on the standard markup.

5417. Methods of Delivery: (a) A retailer's delivery employee, carrying cannabis goods for delivery, shall only travel in an enclosed motor vehicle operated by a delivery employee of the licensee. {ISSUE} -- The last thing a busy municipality needs is more cars on their streets. Allowing deliveries to be conducted by delivery employees via scooter, motorcycle, bicycle or even on foot would help alleviate congested roadways, ensure faster, safer deliveries and cut down on harmful emissions to the environment. Cannabis storage in an enclosed and secured compartment is still possible in an unenclosed vehicle. In addition, prohibiting delivery vehicles from carrying no more than \$3,000 worth of inventory is counterproductive to public safety. This cap, which forces delivery drivers to make more frequent trips to and from the retailer, increases the likelihood that the driver will be a target of theft and other dangers. This is also less environmentally sound.

Recommendation: Method of delivery may be more appropriately regulated at the local level, given different population density and geography.

Remove the cap on inventory to allow a dynamic delivery model.

Do not require printed manifest for delivery.

Drivers should be able to get TNC (Transportation Network Company) numbers to share insurance and use the driver's personal vehicles. Lyft and Uber use this model successfully.

5420. Delivery Request Receipt: "A retailer shall prepare a delivery request receipt for each delivery of cannabis goods." {ISSUE} -- Type 9-Non-Storefront Retailers are prohibited from allowing public access to their premises. Requiring that the delivery request receipt include the address of the non-storefront retailer presents unnecessary and unsafe exposure for the non-storefront retailer. Not only does calling out the address invite criminal entities to the premises, it also signals to the consumer that their presence is allowed and encouraged.

Recommendation: Use the retailer's license number rather than address on the receipt. Tracking is still possible, but this method reduces security risks.

\* Related: Address of Type 9-Non-Storefront Retailers should not be listed on the BCC website for the same reasons listed above.

Expand allowable event locations: BPC § 26200(e) ISSUE: -- Offer the ability to host an event with the option to purchase single use permits or a repeating event permit. Allowable locations should be broadened beyond county fairs and district agricultural associations

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permits or a repeating event permit. Allowable locations should be broadened beyond county fairs and district agricultural associations. Event licensing should not eliminate existing (pre-MAUCRSA) small businesses, many of which have served patients for years and are an important part of the community. Regulators are concerned about educating new consumers. Dinner parties, yoga classes, and small gatherings provide safe and legal consumption experiences. They are excellent opportunities for direct education, perhaps more impactful than a flyer or pamphlet because they are interesting and interactive. Tourists will be able to select a supervised/guided experience, rather than purchasing and consuming on the street (and receiving a citation) or in a hotel room alone. Such events also contribute to the normalization of cannabis. There is a substantial therapeutic benefit in combining cannabis with wellness activities.

In terms of criminal justice, the scarcity of consumption locations and opportunities for consumers to enjoy cannabis creates a new form of criminalization. Existing consumption opportunities are incredibly limited and cannot accommodate demand. The law encourages consumers to consume in violation of the law, by having legal ways to purchase without sufficient legal ways to consume. This is an equity issue, as consumption in public housing is not allowed. Those consumers will have limited legal options to consume compared to a person of greater means who owns their property and cannot be restricted from consuming in their home."

-----  
FOR "Distribution Subcommittee":

"Taxation: The existing tax structure pushes small and medium sized businesses out. Recommendation: Shift cultivation tax to one percentage-based number at the point of sale. Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer.

Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

Commercial vehicle ownership: Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

Relabeling by distributors: CCR § 5303: A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization. Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results."

-----  
For "Equity Subcommittee":

"Shared spaces: CCR § 40190-40199: We are in full support and excited about shared manufacturing spaces! We urge you to define and communicate this legislation quickly as the lack of this legislation negatively impacts our equity partners/incubators and small manufacturers. Licensing fees have become a barrier to entry for small businesses and equity incubators. By allowing shared spaces, small businesses can afford to obtain zoning-compliant spaces and enter the regulated market.

Recommendation: We request you to consider allowing shared equipment for non extraction related equipment. With the proper GMP's and SOP's in place there should be little to no risk of cross contamination. This is similar for mobile bottlers in the alcohol industry or co-packers in the traditional food industry.

We urge you to avoid any language defining or capping square footage, number of employees or businesses per premise. There are significant safety measures put in place by the Fire Department as well as the Department of Public Health to address any concerns

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significant safety measures put in place by the Fire Department as well as the Department of Public Health to address any concerns regarding limitations to shared food processing and building safety.

Finally, please allow licensees in shared spaces to have shared storage. This will help small businesses to afford the costs of compliance. Shared locked cages for product are economically practical and guidelines may be specified to ensure each licensee's products remain separate within the cage.

Extend time to conduct business irrespective of M & A designation: CCR § 5029: Licensees may 'cross over' between A and M until 6/30/18. The requirement of 2 separate licenses, when cannabis and products are subject to nearly identical quality control and public health requirements, creates an equity issue.

Recommendation: Thank you for including the 6 month transition period! It would be helpful if you could extend the time frame in which licensees may conduct business with other licensees irrespective of the M or A designation on their licenses. Please reevaluate whether this policy serves a critical public health and safety function or if another solutions would achieve that aim, with a lower administrative and cost burden to small businesses, which is especially acute for equity businesses."

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FOR "Cultivation Subcommittee":

"Eliminate or moderate the Trim Tax: This substantially increases the expense for suppliers and consumers. Compassionate Use: Recommendation: Create policy that allows for and encourages donations to compassion programs. Associated tax and administrative provisions should not penalize suppliers who provide free goods to such programs.

Extend time to conduct business irrespective of M & A designation: CCR § 5029: Cultivators must designate a plant on the A or M track early on. Licensees may 'cross over' between A and M until 6/30/18.

Recommendation: Thank you for including this! It would be helpful if you could extend the time frame in which licensees may conduct business with other licensees irrespective of the M or A designation on their licenses. Please reevaluate whether this policy serves a critical public health and safety function or if another solutions would achieve that aim, with a lower administrative and cost burden to small businesses."

THANKS FOR SHARING! <3 We need ALL OF YOU TO HELP to ensure we have a fair, equitable industry that allows all business types & sizes to thrive!

#38

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 4:01:23 PM  
**Last Modified:** Wednesday, February 21, 2018 4:01:42 PM  
**Time Spent:** 00:00:19  
**IP Address:** 68.101.162.78

Page 1

**Q1 First Name (Optional)**

Andrew

**Q2 Last Name (Optional)**

Hopkins

**Q3 Organization (Optional)**

The Werc Shop

**Q4 Title (Optional)**

Director, Compliance & Logistics

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

We suggest 15 days storage. Not 45.

§ 5728. Post Testing Sample Retention

(a) The laboratory shall retain the reserve sample, consisting of any portion of a sample that was not used in the testing process. The reserve sample shall be kept, at minimum, for 15 business days after the analyses, after which time it may be destroyed and denatured to the point the material is rendered unrecognizable.

#39

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 4:02:42 PM  
**Time Spent:** 00:00:24  
**IP Address:** 68.101.162.78

Page 1

**Q1 First Name (Optional)**

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The Werc Shop

**Q4 Title (Optional)**

Director, Compliance & Logistics

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

Please clarify how many tests need to be run per sample.

Article 3. Sampling Cannabis and Cannabis Products

§ 5705. General Sampling Requirements

#40

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 4:04:08 PM  
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Page 1

**Q1** First Name (Optional)

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The Werc Shop

**Q4** Title (Optional)

Director, Compliance & Logistics

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

Can a laboratory employee work for another cannabis company?



# #41

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 4:04:56 PM  
**Last Modified:** Wednesday, February 21, 2018 4:06:23 PM  
**Time Spent:** 00:01:27  
**IP Address:** 68.101.162.78

Page 1

## Q1 First Name (Optional)

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The Werc Shop

## Q4 Title (Optional)

Director, Compliance & Logistics

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

## Q6 Feedback for Subcommittee

What is the difference? This sounds very similar if not completely the same.

§ 5730. Laboratory Quality Control (LQC) Samples

Continuing calibration verification (CCV) for chemical analysis Percent recovery between 80% to 120%  
Reference material and certified reference material for chemical analysis Percent recovery 80% - 120%

#42

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 4:07:30 PM  
**Time Spent:** 00:00:18  
**IP Address:** 68.101.162.78

Page 1

**Q1** First Name (Optional)

Andrew

**Q2** Last Name (Optional)

Hopkins

**Q3** Organization (Optional)

The Werc Shop

**Q4** Title (Optional)

Director, Compliance & Logistics

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

Licensees need to be permitted to transfer in process/research samples between licenses without the use of a distributor. Small quantities of unfinished goods that are required for product development testing or quality assurance testing should not require a distributor for transportation.

#43

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 4:17:46 PM  
**Time Spent:** 00:00:41  
**IP Address:** 172.10.166.97

Page 1

**Q1** First Name (Optional)

Tony

**Q2** Last Name (Optional)

Bowles

**Q3** Organization (Optional)

Americans for Safe Access

**Q4** Title (Optional)

Chair of SF Chaper

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

FOR "Distribution Subcommittee":

"Taxation: The existing tax structure pushes small and medium sized businesses out. Recommendation: Shift cultivation tax to one percentage-based number at the point of sale. Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer.

Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

Commercial vehicle ownership: Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

Relabeling by distributors: CCR § 5303: A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization. Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results."

#44

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 4:22:26 PM  
**Time Spent:** 00:00:48  
**IP Address:** 173.254.252.155

Page 1

**Q1** First Name (Optional)

Daniel

**Q2** Last Name (Optional)

Kosmal

**Q3** Organization (Optional)

Doc Greens Healing Collective

**Q4** Title (Optional)

President

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

## Q6 Feedback for Subcommittee

Greetings Manufacturing Subcommittee.

The requirement for Topical Cannabis products to be in continuous child resistant packaging is unnecessary, wasteful, costly, and most importantly, makes the products unusable for many elderly Californians with weak or arthritic hands.

Doc Greens Therapeutic Healing Cream was one of the early, if not the first, labeled topical cannabis products in California in 2009. Topical Cannabis products generally have no psychoactive effects, and there is little to no danger of children ingesting topical products, as they are not palatable.

Furthermore, a great number of topical cannabis users are elderly Californians, many of whom suffer with arthritis in their hands. We have received numerous requests over the years from elderly patients that find great pain relief from using our topical products, requesting easier access packaging, as they were frustrated trying to open a simple push button cap top and squeeze a bottle to dispense the infused lotion. Adding the complexity of a “child resistant” packaging feature (usually with tabs to depress or force to be applied) will simply make it impossible for many elderly Californians that would benefit most from topical cannabis products from using them.

We therefore recommend the following modifications to cannabis regulations:

Remove “Topical Cannabis Products” under 120mg/oz from the classification as a Cannabis product. Let’s follow Washington State’s example and have non-psychoactive Topical Cannabis products available to everyone, without packaging restrictions.

Exempt “Topical Cannabis” products from the requirement of having child resistant packaging.

If child resistant packaging is insisted on, please provide that topical products are only required to have child resistant outer packaging, but are exempt from child proofing the dispensing container.

Thank you for your consideration, and efforts in helping us get non-psychoactive, pain relieving topical cannabis products to Californians with pain.

#45

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 4:26:43 PM  
**Time Spent:** 00:03:53  
**IP Address:** 173.254.252.155

Page 1

**Q1** First Name (Optional)

Daniel

**Q2** Last Name (Optional)

Kosmal

**Q3** Organization (Optional)

Doc Greens Healing Collective

**Q4** Title (Optional)

President

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

## Q6 Feedback for Subcommittee

Greetings Manufacturing Subcommittee.

The requirement for Topical Cannabis products to be in continuous child resistant packaging is unnecessary, wasteful, costly, and most importantly, makes the products unusable for many elderly Californians with weak or arthritic hands.

Doc Greens Therapeutic Healing Cream was one of the early, if not the first, labeled topical cannabis products in California in 2009. Topical Cannabis products generally have no psychoactive effects, and there is little to no danger of children ingesting topical products, as they are not palatable.

Furthermore, a great number of topical cannabis users are elderly Californians, many of whom suffer with arthritis in their hands. We have received numerous requests over the years from elderly patients that find great pain relief from using our topical products, requesting easier access packaging, as they were frustrated trying to open a simple push button cap top and squeeze a bottle to dispense the infused lotion. Adding the complexity of a “child resistant” packaging feature (usually with tabs to depress or force to be applied) will simply make it impossible for many elderly Californians that would benefit most from topical cannabis products from using them.

We therefore recommend the following modifications to cannabis regulations:

Remove “Topical Cannabis Products” under 120mg/oz from the classification as a Cannabis product. Let’s follow Washington State’s example and have non-psychoactive Topical Cannabis products available to everyone, without packaging restrictions.

Exempt “Topical Cannabis” products from the requirement of having child resistant packaging.

If child resistant packaging is insisted on, please provide that topical products are only required to have child resistant outer packaging, but are exempt from child proofing the dispensing container.

Thank you for your consideration, and efforts in helping us get non-psychoactive, pain relieving topical cannabis products to Californians with pain.



## #46

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 4:30:00 PM  
**Last Modified:** Wednesday, February 21, 2018 4:30:35 PM  
**Time Spent:** 00:00:34  
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**Q1 First Name (Optional)** Respondent skipped this question

**Q2 Last Name (Optional)** Respondent skipped this question

**Q3 Organization (Optional)** Respondent skipped this question

**Q4 Title (Optional)** Respondent skipped this question

**Q5 Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.** Distributors Subcommittee

**Q6 Feedback for Subcommittee**

Taxation: The existing tax structure pushes small and medium sized businesses out. Recommendation: Shift cultivation tax to one percentage-based number at the point of sale. Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer.

Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

Commercial vehicle ownership: Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

Relabeling by distributors: CCR § 5303: A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization. Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

#47

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 4:39:59 PM  
**Last Modified:** Wednesday, February 21, 2018 4:43:19 PM  
**Time Spent:** 00:03:20  
**IP Address:** 186.15.230.102

Page 1

**Q1** First Name (Optional)

Jewel

**Q2** Last Name (Optional)

Respondent skipped this question

**Q3** Organization (Optional)

Cocoa Collection LLC

**Q4** Title (Optional)

owner

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

Relabeling by distributors: CCR § 5303

Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; make standard testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

#48

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 4:47:43 PM  
**Time Spent:** 00:00:31  
**IP Address:** 184.23.232.50

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**Q1** First Name (Optional)

David

**Q2** Last Name (Optional)

Hua

**Q3** Organization (Optional)

Meadow

**Q4** Title (Optional)

CEO

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

Taxation: The existing tax structure pushes small and medium sized businesses out. Recommendation: Shift cultivation tax to one percentage-based number at the point of sale. Shift excise tax liability to retailer, rather than having retailer pay distributor in advance before collecting the tax from the consumer.

Create greater efficiency and clarity in the tax. Makes it more transparent for consumers, who should understand the taxes they are paying.

Medical patients shouldn't have to pay the excise tax, which is essentially a 'sin tax.' Requiring this is like charging an excise tax on prescription medications.

Commercial vehicle ownership: Recommendation: Allow employees to incorporate and own their vehicles. This is more cost-effective. Follow the TNC model (Lyft/Uber).

Relabeling by distributors: CCR § 5303: A manufacturer places test results on label. Distributors can't relabel after test results, even if testing shows different values; they can relabel THC but not CBD, terpenes. There is also a related issue of different testing results from labs using different methodologies that should be corrected through standardization. Suppliers need to be able to tell the distributors which labs have protocols that are effective for the product type. Please clarify acceptable variance and whether products need to be relabeled if test results are within that margin.

Recommendation: Allow distributors to relabel for CBD and terpenes; standardize testing methodologies or allow suppliers to specify labs that utilize compatible methodologies; allow a 20% margin for different testing labs' results.

#49

**Collector:** Web Link 1 (Web Link)  
**Started:** Wednesday, February 21, 2018 4:56:12 PM  
**Last Modified:** Wednesday, February 21, 2018 4:56:51 PM  
**Time Spent:** 00:00:39  
**IP Address:** 173.254.252.155

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**Q1 First Name (Optional)**

Daniel

**Q2 Last Name (Optional)**

Kosmal

**Q3 Organization (Optional)**

Doc Greens Healing Collective

**Q4 Title (Optional)**

President

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6 Feedback for Subcommittee**

We are a Manufacturer licence holder, and we would like to provide the service of processing cannabis (extraction and refinement) to other Manufacturer and Packaging Licensing holders. A common transaction would be to receive cannabis flower and trim from the other licensed entity, and process it into oil for cartridges or other products for them. Assuming the flower tax has already been collected by the first manufacturer, we would only be providing a service, should not be required to collect flower taxes, or perform redundant testing.

Recommendation: Please define a clear process for Manufacturers to provide cannabis processing service for other permitted licence holders (ie Manufacturers and Packaging) without redundant testing or taxes.

Thank You

#50

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 5:00:09 PM  
**Time Spent:** 00:02:33  
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**Q1** First Name (Optional)

heidi

**Q2** Last Name (Optional)

Respondent skipped this question

**Q3** Organization (Optional)

Respondent skipped this question

**Q4** Title (Optional)

Respondent skipped this question

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**

**Q6** Feedback for Subcommittee

Promotional Samples: BPC § 26153, CCR § 5411(a) and (b), RTC § 34011(a)(1) and (e)

A licensee shall not give away any amount of cannabis or cannabis products, or any cannabis accessories, as part of a business promotion or other commercial activity

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(a) A licensed dispensary shall not provide free samples of medical cannabis goods to any person.

[Issue] Sampling is the most effective way for patients to discover the treatment methods that work best for them through firsthand experience. Medical cannabis products can be high-priced, and patients may be reluctant to spend money to find the best method of intake for them. However samples can be both properly tested, and distributed through the track and trace system to safely allow patients to experience new products. Cannabis has been deemed by the state to be safe for recreational use by adults, and dispensaries can only admit consenting adults it's reasonable to assume sampling on-site can be done safely.

[Recommendation] We propose samples be allowed for the purpose of patient education, and that they be distributed through licensed distributors using the same testing requirements as retail product. The chain of custody is preserved under the proposed safety compliance channels, ensuring sampling is a safe and effective way to educate.

(b) A licensed dispensary shall not allow representatives of other companies or organizations to provide free samples of medical

## Cannabis Advisory Committee: Subcommittee Input Survey for March 1 Meetings

cannabis goods to individuals on the licensed dispensary premises.

We need to be able to offer sales samples to dispensary buyers. In order to grow our business effectively we need to be able to open up new accounts. The only way a dispensary will consider adding products to their menu is when they are able to sample the retail unit that they would purchase for patients and consumers.

Recommendation: We would like to see concessions that allow sales samples to be given away to prospective buyers as a B2B function. All retain units will go through the track and trace system, but a sensible allowance of 4% of product may be allocated for sales samples strictly for the purpose of B2B account establishment. We also recommend that for the purpose of B2B non-commercial sales prospecting, samples should be allowed to be delivered by type II distributors, as these products will not be for sale.

(a) (1) Effective January 1, 2018, a cannabis excise tax shall be imposed upon purchasers of cannabis or cannabis products sold in this state at the rate of 15 percent of the average market price of any retail sale by a cannabis retailer. A purchaser's liability for the cannabis excise tax is not extinguished until the cannabis excise tax has been paid to this state except that an invoice, receipt, or other document from a cannabis retailer given to the purchaser pursuant to this subdivision is sufficient to relieve the purchaser from further liability for the tax to which the invoice, receipt, or other document refers.

\*\*\*

(e) Cannabis or cannabis products shall not be sold to a purchaser unless the excise tax required by law has been paid by the purchaser at the time of sale.

Sales and promotional samples should be exempt from excise tax, and these are B2B tools for business development, and not for commercial use. It's unreasonable to burden a sales sample with the full tax of a sellable product, and this will lead to more delays to getting product into the market which will ultimately drive more tax revenue for CA, and allow manufacturers to more quickly compete in the market.

Recommendation: Above, we have outlined ways that we think manufacturers and distributors should be allowed to provide B2B samples, as well as consumer samples. We recommend that samples either be non-taxable items to match other industries, or, that they be taxed on the sample rate they were sold at instead of based on the standard markup

### 5411. Free Cannabis Goods

(a) A retailer shall not provide free cannabis goods to any person.

Despite the fact that cannabis has been legally available to qualified medical patients in California since 1996, there exists a huge knowledge gap among cannabis consumers, particularly new or returning adult-use consumers.

A retailer's ability to offer free samples will go a long way in closing that knowledge gap, helping to educate consumers regarding efficacy, dosage, consumption methods, strength, quality, taste, smell and personal preference. Cannabis is not a one-size-fits-all product. Every body processes cannabis differently, and sampling will enable consumers to evaluate products based on their specific and unique reactions prior to purchase.

In addition, allowing manufacturers to offer samples to retailers will serve to educate retail staff who are often the first (and sometimes only) source of information for consumers.

The ability to give out free samples is especially important when considering cannabis compassion programs and the fact that the industry has a demonstrated commitment to helping those in need.

Recommendation: Adopt policy similar to the pharmaceutical industry where manufacturers are allowed to offer free samples to physicians who may then pass on the products to their patients. Mark sample products clearly as "not for sale" and limit the quantity/size of sample to a single serving/dose.

#51

**Collector:** Web Link 1 (Web Link)  
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**Last Modified:** Wednesday, February 21, 2018 6:50:03 PM  
**Time Spent:** 00:00:35  
**IP Address:** 184.23.243.202

Page 1

**Q1** First Name (Optional)

Charlie

**Q2** Last Name (Optional)

Rutherford

**Q3** Organization (Optional)

Boveda, Inc

**Q4** Title (Optional)

Business Development Director

**Q5** Please choose the one subcommittee to which you would like your feedback to be sent. Note: You may submit feedback to as many subcommittees as you wish. Simply click on the link again to submit additional comments.

**Distributors Subcommittee**



**Q6 Feedback for Subcommittee**

As a representative of Boveda, Inc., a manufacturer of humidity control technology designed for cannabis flower, I am writing to comment on the proposed emergency regulations. In section §5717, a maximum acceptable limit for Moisture Content (MC) at 13%, and Water Activity (AW) at 0.65 for cannabis has been set, which ensures the safety of the cannabis from microbial growth. But there is no set minimum limit, thus not defining “dry-weight ounce,” and this absence can result in major fluctuation during the distribution process. Cannabis in flower form is subject to fluctuations depending on environmental and storage conditions, as well as intentional manipulation, and the regulations use weight as if it is a static measurement. However, our research, as well as secret shopping efforts, have shown dramatic variation in flower moisture content and measured weight by the time it is sold at the retail level, to as much as 25% lower weight than labeled. Without proper humidity control, distributors may end up with discrepancies in Track and Trace, particularly if supply chain difficulties arise and flower stays in storage for longer than anticipated.

To ensure that the laws and regulations governing the legal cannabis industry are properly enforceable, and to ensure accurate reconciliation throughout the distribution process, we urge this subcommittee recommend the regulating agencies work together and set a legal definition for dry-weight ounce, including minimum values for both MC and AW. My colleagues and I are available to discuss the importance of these recommendations. Please contact me at (952) 745-2905 or [charles.rutherford@bovedainc.com](mailto:charles.rutherford@bovedainc.com) if you have any questions regarding my comments.